



## PRACTICE TRANSFORMATION:

## RUNNING YOUR

## BUSINESS LIKE A



## BUSINESS



THIS MEDICAL PRACTICE USES TECHNOLOGY AND AUTOMAKER-INSPIRED PRODUCTIVITY STEPS TO MODERNIZE AND RAPIDLY GROW ITS BUSINESS.

Shortly after buying his practice in 2002, John Bender, MD, took stock of his fledgling operation and didn't like what he saw.

Bender had purchased the Fort Collins, Colo., office with a single employee and around 1,000 patients from a fellow family physician heading into retirement. Under new management, Miramont Family Medicine was growing its patient base and adding physicians. But that couldn't hide a glaring problem: In many important ways, the practice was still operating the way it had in the 1970s. Walls of patient charts and little computerization prevented the physicians from doing much population management and gave them limited insight into the practice's economic situation or the source of inefficiencies. Patients had to wait three weeks for an appointment, test results were rarely available the same day, and documentation was often illegible.

Comparing Miramont to a restaurant selling "lousy food," Bender knew that, without significant changes, he'd be unable to compete with the growing number

of urgent care and retail clinics in his area or negotiate higher rates from payers. In fact, he had seen 34 primary care physicians in the community close their doors over the span of a decade. "I didn't want to be the 35th practice to go out of business," Bender said. "We had to run our business like a business."

Today, as Miramont prepares to open its sixth and seventh locations, here are the three key areas that its 17 providers (including nine physicians) and other staff focused on to transform the practice and help it survive and thrive.

### Modernizing the office

The practice's first and biggest priority was replacing its antiquated paper-based medical record and practice management systems with more sophisticated technology that would eventually save staff time and provide the data-mining capability to better serve patients and insurers. The physicians started small by adding a computerized laboratory information system when they moved to

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a level-two/moderate-complexity lab in 2003.

In 2005, they helped a local hospital system beta-test a system-wide electronic health record (EHR) and practice management software. The hospital was ultimately unable to complete the project, but Miramont noticed big gains in efficiency and improved integration with other health care agencies while using the system and began mapping out its own EHR plan. The practice developed a list of goals for the system, including being able to create patient registries, report quality and financial metrics, integrate with the practice management system to automate charge capture, and include an online patient portal. Miramont eventually signed up with e-MDs.

Using a combination of lease financing and cash reserves, the practice eventually invested around \$250,000 in computer equipment, including work stations or wireless laptops for each exam room and back-office operations, a terabyte (1,000 gigabytes) data server, backup power sources, and scanners for turning old paper records into computer files. It took staff several months to transfer existing patient records over to the new system. Miramont closed for three days prior to the go-live date to teach providers and clinical staff how to use the new system. After the EHR went live, providers saw about half the normal number of patients for two weeks to give them adequate time to properly document visits and patient histories.

Bender said the new system has reduced transcription costs, eliminated the need for staff to spend time searching for records, helped the practice negotiate better insurance payer contracts, improved clinical outcomes, and expanded the practice's ability to track charges and, therefore, increase revenue. He added that fully integrating an EHR into the practice has sped up or removed several steps in routine patient care, such as documenting the medical history or finding charts, which has increased the amount of time physicians and staff can spend actually serving patients. The patient portal also allows patients to make appointments, view test results, and communicate

with physicians and other staff.

"It's part of staying relevant," he said. "If physicians want to care for their patients, if that's their ultimate goal, then they should be offering the most efficient, safest, lowest-cost product they can, and they can't do that with paper anymore."

### Borrowing a page from automakers

In addition to embracing technology, Miramont turned to the Japanese business philosophy of "kaizen," an approach spearheaded by Toyota and other manufacturers, with the influence of American experts such as W. Edwards Deming. Kaizen combines the ideas of continually making small adjustments in your operation, avoiding the disruption potentially caused by a total overhaul, and placing more of the responsibility for suggesting and implementing changes with your staff. This gives medical assistants (MAs), nurses, and patients time to adjust to new methods and culture and gives employees greater ownership in the evolution of the practice, hopefully improving its chances for success.

For example, a series of communication problems led the practice to develop an ambulatory patient check-in checklist that MAs now carry in their pocket. (Download a copy at <http://www.aafp.org/fpm/2013/0900/fpm20130900p18-rt1.pdf>.) The items are color-coded to remind staff how missing them can affect the practice. Blue items (e.g., drawing pre-ordered labs) influence efficiency, green items (e.g., filling out flowsheets) influence reimbursement, and red items (e.g., recording allergies and current medications) avoid medical emergencies.

"Just like the pilots of a 747 that crashes because they're not talking to each other and each one thinks the other is flying the plane, we had to improve our processes," Bender said.

Miramont's main clinic is a testament to the practice's love of efficiency. Before opening the \$1.4 million building in 2005, the practice used pedometers to measure the distance MAs and providers walked to perform various tasks and used "spaghetti" diagrams to reduce the number of steps in patient processing. Efficiency was also the focus of a study performed by consultants who examined how the practice contracted out its lab work for cell counts. They determined it took at least 20 minutes of physician and MA time – and often more than a day – to send the patient to an outside lab, get back the results, and make a medical decision. When the practice bought a small cell counter and began doing the tests in-house, medical decision-making time dropped to 10 minutes.

"The point is that my major cost is not the machine but labor," Bender said. "I'm paying my staff to do something in 10 minutes that everyone else is doing in 20. By making them more efficient and by reducing my labor

### ONLINE SEMINAR AVAILABLE

This article includes comments Dr. Bender made during an online seminar, "Extreme Makeover – PCMH Edition," sponsored by TransforMED and the American Academy of Family Physicians (AAFP). AAFP members can access the one-hour presentation on Delta-Exchange, an online community hosted by TransforMED with free membership for AAFP members. Go to <http://www.aafp.org/practice-management/pcmh/initiatives/dx.html> for more information about Delta-Exchange and how to access the archived seminar.

■ A lack of modern technology and inefficient practices endangered Miramont's future.

■ The practice invested in a new EHR, computer servers, and practice management software.

■ The productivity strategy "kaizen" helps institute small but continual improvements in workplace processes.

costs significantly, I can actually afford to do lots of ancillary services.”

Those additional services have included imaging, bone-density testing, allergy testing, Botox, and fluoride dental treatment for children. He's also set aside rental space for clinical specialists to come in a few days a week to offer pain management, outpatient surgery, and psychology services, among others. The Miramont Value Plan provides services to uninsured patients who agree to pay a flat rate of \$64 for each office visit at the time of service.

The practice also added medication dispensaries at three sites; drugs are dispensed under the physician's license rather than that of a pharmacist. This service generates a small bump in revenue, Bender said, as they sell mostly generic drugs. Having an in-house dispensary has made it easier to order refills and helps to ensure that patients with chronic illnesses are getting their medications because they don't have to make a separate trip to the pharmacy.

These ancillary services augment Miramont's competitive advantage, Bender said.

“Retail clinics will never have the ability to do X-rays or admit their patients,” he said.

More important, becoming a “one-stop shop” has made Miramont attractive to payers and led to better contracts, raising the profitability of many of those added services, he said.

## Pursuing the patient-centered medical home

Another goal Bender and his staff identified early was receiving National Committee for Quality Assurance (NCQA) recognition as a patient-centered medical home (PCMH).

Bender believes the tenets of PCMH improve patient care and lower costs, and he says the process of pursuing NCQA recognition is itself valuable as it focuses a practice on truly evaluating its operation and seeing where it needs to make improvements. As a member of NCQA's review oversight committee, Bender sees many practices apply for PCMH recognition and find out they're much further behind than they thought.

“To go through the process of NCQA recognition forces a practice to eat the reality sandwich,” he said. “In the marketplace [without PCMH recognition], they're going to have a hard time demanding pay-for-performance bonuses or care coordination fees in the form of per-member-per-month payments from insurers because they don't have any accolades that they can use to leverage themselves.”

In Miramont's case, the practice began preparing for its application a year before, writing out detailed plans of how it would achieve the highest possible score and holding weekly staff meetings to track progress and identify additional infrastructure needs. The practice eventually scored 96 out of 100 points, gaining NCQA Level 3 recognition in 2008.

That recognition has led to Miramont participating in numerous pilot studies and incentive programs by private and government insurers.

Ironically, for a practice designed to be more patient-centered, Miramont's transformation has caused some patients to seek care elsewhere. Up to 5 percent left rather than deal with the many changes the practice has implemented in recent years, Bender said, particularly those dealing with additional technology. For example, he said older patients have been less enthused over the practice's use of computer tablets for check-in and online patient portals, with some



John Bender, MD, examines a patient at Miramont Family Medicine in Fort Collins, Colo. He is CEO of the practice, which has grown dramatically since 2002.

## ABOUT THIS SERIES



Many physicians spend time tweaking the operation of their medical practices, looking for shortcuts and add-ons that may boost productivity and profitability, lower costs, or improve quality.

But what about practice transformation, the act of dramatically changing the way a practice operates, presents itself to patients, and plans for the future? In this and coming issues, *Family Practice Management* will profile several of these practices, showing what problems they faced, what changes they made, and how that transformation benefitted them in the end.

erroneously suspecting the changes are part of federal health care reform.

Some patients have begun to come back, he said, and he expects more to follow as they become more accustomed to the role of technology in their daily lives and understand that the changes ultimately will lead to better care.

“People like progress, but they hate change,” he said.

### Results of the changes

Last year, Miramont recorded \$4.8 million in total revenue, compared with \$169,000 the year before Bender took over. The practice sees around 30,000 patients and has a staff of 61.

In 2010, Miramont won the Healthcare Information and Management Systems’ Nicholas E. Davies Award for outstanding achievement in implementation and value for health care information technology. It was also named Patient-Centered Medical Home of the year in 2011 by the Colorado Academy of Family Physicians Foundation.

Bender credited much of the practice’s success to its willingness to face challenges not as a group of physicians or a health care organization but as an entrepreneurial business – albeit without losing sight of its health care mission.

“I had to be comfortable with understanding that it was OK for my organization to be profitable and that didn’t mean I was profiteering off of my patients,” he said. “I feel that oftentimes physicians have trouble discussing the balance sheet, the profit-loss, because they can feel like they’re now somehow impugn-

ing their professionalism. ... The reality is even if they didn’t plan on making a lot of money and went into family medicine to be a family medicine professional, part of that identity going forward has to include an appetite for business sense.”

He added that focusing on efficiency isn’t just important for independent practices like Miramont. Even employed family physicians should look at ways to improve operations and take those recommendations to their administrators,

especially if they find ways to make their departments a potential profit center for the hospital or health system rather than a loss-leader for specialty care.

“Everyone is responsible for costs now in health care,” he said. **FPM**

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■ Adding ancillary services allowed Miramont to increase efficiencies.

■ Staff checklists help avoid mistakes or omissions that can affect productivity, revenue, or patient health.

■ Pursuing PCMH recognition can highlight weaknesses in a practice’s operation.

## TIPS FROM MIRAMONT FAMILY MEDICINE

1. Switch to electronic health records, as they can improve patient management and improve relations with payers. But integrate their use slowly with some initial overlap with paper records, and provide adequate time to build competence and confidence.
2. Examine day-to-day operations to increase their value to the patient. For example, streamline check-in procedures to give patients more time with the physician during the visit, or use checklists to eliminate missed or duplicated steps.
3. Study whether bringing certain ancillary services in-house, such as pharmacy or lab testing, would improve efficiency and be self-sustaining, if not profitable.
4. Pursue recognition as a patient-centered medical home, both to appeal to insurers and to assess whether your practice is as good as you think it is.
5. Be ready for resistance from patients, staff, and even physicians in reaction to the changes your practice is making.
6. Embrace the idea of running your practice as a business, knowing that it does not have to compromise your medical mission.